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Testimony to the Energy & Technology Committee
March 15, 2012

RE: SB 416 AAC *the Mergers and Acquisitions of the Holding Companies
of Certain Public Utility Companies*

The Connecticut Water Company has serious concerns about SB 416 AAC *the Mergers and Acquisitions of the Holding Companies of Certain Public Utility Companies*. The bill is overly prescriptive and could significantly impact all Public Utility Regulatory Authority (PURA) regulated utilities in the state.

The current PURA process provides the necessary considerations to ensure that any transfer of ownership of a regulated utility considers the impacts of such a transaction on rates and quality of service for the customers – which are certainly appropriate and necessary to protect the customers' interests. To extend the process, as proposed, to include transactions of a holding company, or even a relatively minor percent ownership in a holding company, and to provide that PURA can stipulate specific conditions that provide for 5 year commitments for employment levels and rates would interfere with sound business decisions and go beyond the bounds of appropriate utility regulation.

Changes in staffing or rates may be necessary and appropriate to maintain quality and service due to factors that are unrelated to a merger, could be prohibited under this law simply because it followed a merger. A water utility's ability to provide quality and service to customers could be seriously impacted if they were unable to raise rates if faced with new regulatory requirements or treatment needs to provide safe water quality.

In addition to the oversight by PURA for rates and quality of service, water utilities are regulated in Connecticut by the Department of Public Health with respect to the purity and adequacy of our supplies, and the Department of Energy and Environmental Protection for environmental issues. The existing regulatory structure, while complex, provides assurances that our customers' interests are protected and water companies provide for public health, safety and quality of service at fair and reasonable rates.

Connecticut Water Company serves nearly 90,000 customers or approximately 300,000 people in 55 towns in Connecticut. We have 200 employees dedicated to providing our customers and the communities we serve with quality water and service. Connecticut Water has taken over a number of small struggling systems over the years in response to regulatory concerns and the need to ensure those customers have access to safe reliable water, technical expertise and financial resources. Given the continued interest in consolidation of water systems in the state, it does not seem necessary or appropriate to adopt laws that could be seen as barriers to those efforts.

We urge you to reject SB 416 as it would create unnecessary barriers for utility mergers and unfairly impact shareholders rights.

*For additional information or questions on our testimony please contact:
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